

Paycheck Protection Program Loans Received by Montgomery County Businesses

Stephen Roblin
Aron Trombka

Office of Legislative Oversight
Montgomery County, Maryland

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OLO Report 2021-7

Table of Contents

Section 1	Report Authority, Scope, and Methodology	1
Section 2	Description of the Paycheck Protection Program	2
Section 3	PPP Source Data.....	5
Section 4	PPP Loans Received by Montgomery County Businesses	6
Section 5	OLO Observations about PPP Loans Received by County Businesses	26

Tables and Figures

Table 1	PPP Loan Recipients, Montgomery County, All Zip Codes	7
Table 2	PPP Loan Recipients by Borrower Industry Type	10
Figure 1	Number of PPP Loans by Industry.....	11
Figure 2	Total PPP Loan Amounts by Industry	12
Figure 3	Number of Jobs Supported by PPP Loans by Industry	13
Figure 4	Average PPP Loan Amount per Job by Industry	14
Table 3	PPP Loan Recipients by Borrower Zip Code.....	16
Figure 5	Number of PPP Loans by Zip Code.....	18-19
Figure 6	Total PPP Loan Amount by Zip Code.....	20-21
Figure 7	Number of Jobs Supported by PPP Loans by Zip Code.....	22-23
Figure 8	Average PPP Loan per Job by Zip Code.....	24-25

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Summary of Major Findings

- Through June 1, 2021, County businesses received nearly 36,000 Paycheck Protection Program (PPP) loans with total combined loan amounts exceeding \$3.1 billion.
- The average (mean) number of jobs per County PPP loan recipient was nine while the median jobs per loan was two.
- Nearly all (98%) of total loan proceeds was designated for payroll-related spending.
- The industry sectors that received the greatest number of PPP loans in the County were (in order): the Professional, Scientific, and Technical Services sector, the Health Care and Social Assistance sector, the Other Services (except Public Administration) sector, the Transportation and Warehousing sector, the Construction sector, the Accommodations and Food Service sector, and the Retail Trade sector.
- The loans that supported the greatest number of jobs were in Health Care and Social Assistance sector, the Professional, Scientific, and Technical Services sector, the Accommodations and Food Services sector, the Other Services (except Public Administration) sector and the Construction sector.
- On average, PPP loans received by Montgomery County businesses provided \$9,990 per job. The highest average loans per job occurred in the Professional, Scientific, and Technical Services sector (\$14,304 per job). The lowest PPP loan amount per job was for loans in the Arts, Entertainment, and Recreation sector (\$5,826 per job).
- The greatest number of County PPP loans went to businesses located in zip codes (in order): 20850 (Rockville), 20852, (Rockville), 20910 (Silver Spring), 20814 (Bethesda), and 20878 (Gaithersburg).
- The zip codes with highest average loan amount per job were in areas of the County that are home to relatively high-wage jobs. Businesses in Bethesda zip code 20814 received the highest average loan amount per job at \$12,400. Of all zip codes with at least 100 PPP loans, the lowest loan amount per job occurred for businesses in Damascus zip code 20872 at \$6,757.
- While the PPP helped to maintain the existing pay of employees in all job classes, the program was not designed to address preexisting economic disparities or the inequitable impacts of the pandemic on different demographic groups within the County's population.

SECTION 1: REPORT AUTHORITY, SCOPE, AND METHODOLOGY

Report Authority. As part of Council Resolution 19-548, Fiscal Year 2021 Work Program of the Office of Legislative Oversight (OLO), adopted July 28, 2020, the County Council directed OLO to write a report presenting data about County businesses that received loans through the Federal “Paycheck Protection Program.”

Report Scope. This report responds to the County Council’s request that OLO prepare a report to help Councilmembers understand which County businesses received financial assistance during the COVID-19 pandemic through the Federal Paycheck Protection Program (PPP). This report presents data on:

- The number of PPP loans received by County businesses in total, by industry, and by zip code.
- The total combined dollar amounts of PPP loans received by County businesses by industry and by zip code.
- The total number of County jobs supported by PPP loans by industry and by zip code.
- The PPP average loan amount per job by industry and by zip code.
- The percent of PPP loan proceeds designated for payroll-related expenses.
- The age of County businesses that received PPP loans.

As detailed in Section 3 of this report, an insufficient portion of PPP loan applicants responded to questions about race, ethnicity, gender, and veteran status to allow for accurate reporting of the demographic characteristics of PPP loan recipients in Montgomery County.

Report Methodology. This report was prepared by OLO staff members Stephen Roblin and Aron Trombka with assistance from Karen Pecoraro. As discussed in Section 3 of this report, OLO accessed national PPP data posted on the U.S. Small Business Administration (SBA) website. OLO filtered the national data to extract PPP loan information on the almost 36,000 PPP loans received by Montgomery County businesses through the end of May 2021. OLO then sorted the data by loan amount, industry sector, zip code, and other properties to prepare the findings presented in Section 4 of this report.

The reader should note that **this report presents data on the number of PPP loans received by businesses located in Montgomery County, not the number of businesses that received PPP loans. The condition of data posted online by the SBA does not support an analysis of PPP loans sorted by individual businesses** (see Section 3 below).

SECTION 2: DESCRIPTION OF THE PAYCHECK PROTECTION PROGRAM

The Paycheck Protection Program (PPP) was originally established through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed by Congress on March 25, 2020, and signed into law by the President on March 27, 2020. The PPP provided eight weeks of cash-flow assistance to employers who maintained their payroll during the COVID-19 pandemic. Congress subsequently approved modifications to the PPP in June 2020, July 2020, and March 2021.

Which businesses were eligible to receive PPP loans?

The Small Business Administration (SBA) managed the PPP. PPP loans were available to businesses that meet the SBA's definition of a small business. In general, businesses with 500 or fewer employees – including nonprofits, self-employed individuals, sole proprietorships, and independent contractors – were eligible to receive PPP loans. Businesses in certain industries with more than 500 employees were also eligible for PPP loans.¹ For some industries, a business may be considered a small business if its average annual receipts fall below specified threshold amounts.² In addition, accommodations and food service businesses that have more than one physical location and have fewer than 500 employees per location were also eligible.

The PPP application period opened on April 3, 2020. Earlier this year, the Biden Administration established a two-week period during which only small businesses and nonprofits could apply for PPP loans. From February 24 through March 9, 2021, only businesses and nonprofits with fewer than 20 employees could apply for relief through the PPP.

Who processed PPP loans?

While the PPP is administered by the SBA, eligible businesses must apply for loans through participating financial institutions. Participating lenders include any federally insured banks and credit unions, Certified Development Companies (CDCs), SBA Microlenders, Community Development Financial Institutions (CDFIs), and Minority Depository Institutions (MDIs). Businesses can find participating lenders on the SBA website.

Loan applicants did not have to offer collateral or other repayment guarantees. The SBA guarantees the outstanding balance of all PPP loans backed by the full faith and credit of the United States. Lenders may not charge applicants any fees for servicing PPP loans. The SBA compensates lender's fees for processing PPP loans from one to five percent of the loan amount, depending on the size of the loan.

¹ For example, courier and express delivery services with up to 1,500 employees as well as newspaper, periodical, and book publishers with up to 1,000 employees qualify as a small business under SBA rules.

² For example, book or shoe stores with average annual receipts of less than \$30 million or insurance agencies with average annual receipts of less than \$8 million are considered a small business by the SBA.

How much money could businesses receive in PPP loans?

PPP loans were available up to a maximum amount equal to 250% of average monthly payroll costs (for the one-year period prior to the date of the loan) up to a maximum of \$10 million per business. For loan calculation purposes, payroll costs were capped at \$100,000 annually for each employee. The self-employed, independent contractors, and sole proprietors with no employees may apply for PPP loans for 250% of their reported average monthly net profit up to a maximum of \$20,833.

What were the allowable uses for PPP loan proceeds?

Businesses must demonstrate that they have used PPP loan proceeds primarily to meet payroll costs. Payroll costs include employee salaries, wages, and commissions. PPP funds may also be expended on employee benefit costs including the costs for group insurance payments, retirement contributions, as well as vacation, parental, family, medical, or sick leave. As described below, businesses had to spend most of their PPP loan proceeds on payroll costs to qualify for full loan forgiveness.

Payment of state and local taxes assessed on compensation are an authorized use of PPP loans. In addition, PPP proceeds may be used to pay:

- Interest on mortgage obligations, incurred before February 15, 2020;
- Rent, under lease agreements in force before February 15, 2020; and
- Utilities, for which service began before February 15, 2020.

What were the loan forgiveness provisions of the PPP?

PPP borrowers are eligible for forgiveness of all or a portion of the loan amount spent on payroll costs, mortgage interest, rent, utility payments, and interest on pre-pandemic debt obligations during a designated period. Under the original terms of the PPP, borrowers were entitled for loan forgiveness for an amount equal to spending on eligible costs that occurred during the eight weeks following loan disbursement. The Paycheck Protection Program Flexibility Act of 2020, which became law on June 5, 2020, provided for loan forgiveness for eligible expenses during a 24-week period after loan disbursement (for loans issued after June 2, 2020).

As mentioned above, most loan proceeds must have been spent on payroll costs (that is, salary, wages, and benefits) to qualify for full loan forgiveness. According to PPP rules, expenditure for non-payroll costs could not exceed 40 percent of the forgiven amount.³ In addition, the loan forgiveness amount may be lowered if the business decreased the number of employees on payroll or reduced wages paid to employees by at least 25 percent. Borrowers who restored positions and salary levels to pre-pandemic levels by June 30, 2020 were eligible for full loan forgiveness.

³ At first, PPP rules did not allow non-payroll costs to exceed 25 percent of the loan forgiveness amount. The Paycheck Protection Program Flexibility Act raised this threshold to 40 percent.

What were the repayment terms for non-forgiven PPP loan proceeds?

PPP borrowers were charged a 1.00% fixed interest rate for non-forgiven loan proceeds. All interest payments were deferred for six months after disbursement of funds; however, interest did accrue during the six-month repayment grace period. A PPP loan finalized before June 5, 2020 must be repaid in full in two years; however, the borrower and lender may agree to extend the loan term to up to five years. A PPP loan finalized on or after June 5, 2020 must be repaid in full in five years.

Were businesses able to apply for a second PPP loan?

From January through March 2021, the PPP allowed certain eligible borrowers who had previously received a PPP loan to apply for a “Second Draw” loan. A business could have been eligible for a Second Draw PPP loan if it had:

- previously received a First Draw PPP loan and used the full amount for authorized uses;
- had no more than 300 employees; and
- demonstrated at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.

For most borrowers, the maximum loan amount of a Second Draw PPP loan is 250% of their average monthly 2019 or 2020 payroll costs up to a maximum of \$2 million. For businesses in the accommodations and food service sector, the maximum Second Draw PPP loan amount is 350% of their average monthly 2019 or 2020 payroll costs up to \$2 million.

Second Draw PPP loans carried the same terms as the First Draw PPP loan. Proceeds from Second Draw loans could be used to pay payroll costs, mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations.

What is the current status of the PPP?

The deadline for applying for new PPP loans was May 31, 2021. As of May 31, 2021, the PPP had provided loans to 11.8 million applicants nationally. The combined proceeds of these loans exceeded \$799.8 billion.⁴

⁴ U.S. Small Business Administration, Paycheck Protection Program (PPP) Report Approvals through 05/31/2021, page 2, <https://www.sba.gov/document/report-paycheck-protection-program-weekly-reports-2021>.

SECTION 3: PPP SOURCE DATA

OLO accessed the PPP data presented in the next section of this report from the U.S. Small Business Administration (SBA) website.⁵ The information posted on the SBA website include data sets for each approved PPP loan. For each loan, the SBA spreadsheets contain information including:

- the loan recipient's name and address;
- the loan approval date;
- the final loan amount;
- the number of jobs supported by the loan;
- the amount of the loan proceeds anticipated to be spent on payroll;
- the age of the business;
- the loan recipient's NAICS code⁶; and
- select demographic information about the loan recipient.

The SBA first posted PPP loan data early in 2021 and regularly updated the information through the close of the application period on May 31, 2021. The data shown in this report was posted on the PPP website on June 1, 2021.

OLO observed some quality control concerns with the PPP loan data. These matters of quality control presumably are a result of the program objective to approve loans as rapidly as possible. Some loan application questions were left unanswered, most notably, for responses to questions about the demographic characteristics (gender, race, ethnicity, veteran status) of the loan recipient. In addition, the source data from the SBA website contains some problematic entries including data placed in the wrong field, transposed numbers, and misspellings. Nonetheless, OLO finds that, apart from loan recipient demographic data, the lapses in PPP loan data quality are minimal and do not greatly affect the outcome on the data analysis.

The PPP loan data released by the SBA was extracted from information submitted by private sector lenders that participated in the program. The data entries represent distinct loans, not distinct loan recipients. As described in the previous section of this report, some businesses were eligible for Second Draw loans. In analyzing the source data, OLO observed that, in some cases, a single business appears to have received two PPP loans, each with a separate and distinct loan number. However, because of imprecise data entries for borrower identifiers such as business name and business address, OLO was unable to combine information readily and reliably from multiple loans for unique businesses. As such, the reader should note that **the next section of this report presents data on the number of PPP loans received by businesses located in Montgomery County, not the number of businesses that received PPP loans.**

⁵ <https://data.sba.gov/dataset/ppp-foia>

⁶ The NAICS (North American Industry Classification System) code is a standardized classification of industry types used for the collection, analysis and publication of statistical data related to the US Economy.

SECTION 4: PPP LOANS RECEIVED BY MONTGOMERY COUNTY BUSINESSES

Through June 1, 2021, businesses⁷ located in Montgomery County received nearly 36,000 PPP loans with total combined loan amounts exceeding \$3.1 billion. PPP loans received by Montgomery County businesses comprise about 32% of all PPP loans granted to businesses in the State of Maryland.⁸ As shown in **Table 1** on the following page, the PPP loans supported about 313,000 jobs in businesses ranging from one to 500 employees.

The average (mean) number of jobs per Montgomery County PPP loan recipient was nine. However, the median jobs per loan was two, indicating that more than half of all loans went to businesses with either one or two employees.

The average (mean) PPP loan amount received by Montgomery County businesses was about \$87,000. The average loan amount for a County business was more than double the national average of \$42,000.⁹ However, the median loan amount was about \$21,000, consistent with the finding that most loans went to small businesses with few employees. A total of 501 PPP loans to County businesses (1.4% of total loans) exceeded \$1 million.

Based on information from loan applications, nearly all (98%) of total loan proceeds was designated for payroll spending.

The PPP loan application asked business owners to designate their business as either “existing for more than two years old,” or a “new business or two years or less.” Of Montgomery County loan recipients, almost 91% characterized their business as “existing for more than two years old.”

The PPP loan applicant asked business owners to respond to questions about their demographic characteristics. As mentioned in the previous section of this report, most respondents left these questions unanswered. Of all loan recipients, 81% did not indicate their race; 76% did not indicate their ethnicity; 66% did not indicate their gender; and 71% did not indicate their veteran status. Low response rates to these questions are not unique to Montgomery County businesses; SBA data show that the majority of loan recipients nationwide did not respond to the demographic questions.¹⁰ These low response rates are insufficient to develop meaningful conclusions about the demographic distribution of PPP loan recipients in Montgomery County.

⁷ For the purpose of the PPP, the term “business” includes non-profit organizations, non-profit childcare centers, and 501(c) non-profits.

⁸ U.S. Small Business Administration, Paycheck Protection Program (PPP) Report Approvals through 05/31/2021, page 5, <https://www.sba.gov/document/report-paycheck-protection-program-weekly-reports-2021>.

⁹ Ibid., page 6.

¹⁰ Ibid., page 9.

Table 1
PPP Loan Recipients, Through June 1, 2021
Montgomery County - All Zip Codes

Number of Loans		35,861
Jobs	Total Jobs - All Loans*	313,150
	Range	1 - 500
	Jobs per Loan - Mean	9
	Jobs per Loan - Median	2
Loan Amounts	Total Loan Amounts - All Businesses	\$3.128 billion
	Average Loan Amount - Mean	\$87,237
	Average Loan Amount - Median	\$20,832
	Average Loan Amount per Job	\$9,990
	Payroll Spending as Percent of Total Loan Amounts	98%
Age of Business		91% 2+ Years 9% <2 Years
Demographic Distribution		Insufficient data on gender, race, ethnicity, and veteran status

* Note: some businesses received two PPP loans

PPP Loans by Industry Type: **Table 2** on page 10 shows the distribution of PPP loans received by Montgomery County businesses sorted by industry (NAICS code). The greatest number of PPP loans (6,718 loans, 18.7% of total loans) were received by County businesses in the Professional, Scientific, and Technical Services sector. As defined by NAICS, this sector includes attorneys, accountants, architectural and engineering firms, computer system designers, graphic designers, photographers, and veterinarians.

The second largest industry to receive PPP loans in Montgomery County was the Health Care and Social Assistance sector (4,598 loans, 12.8% of total loans). This sector includes physicians, dentists, optometrists, podiatrists, physical and occupational therapists, medical laboratories, home health care providers, hospitals, nursing care and assisted living facilities and vocational rehabilitation centers.

The Other Services (except Public Administration) sector received the third largest share (4,186 loans, 11.7% of total loans) of County PPP loans. This sector includes automotive repair and services, appliance repair, home and garden repair and maintenance, barber shops, beauty salons, dry cleaners, laundromats, religious organizations, and professional and labor organizations.

The Transportation and Warehousing sector (including trucking, taxi services, couriers and towing services) received 3,564 PPP loans (9.9% of total County loans). The Construction sector (builders, building contractors, plumbers, electricians, painters and carpenters) received 2,694 PPP loans (7.5% of total loans).

The Accommodations and Food Service sector (hotels, motels, caterers, restaurants and bars) received 2,172 PPP loans (6.1% of total loans). The Retail Trade sector (automobile dealers, automobile parts stores, tire dealers, furniture stores, hardware stores, grocery stores, bakeries, specialty food stores, beer and wine stores, gasoline stations, clothing and shoe stores, jewelers, book stores, department stores and florists) received 2,154 PPP loans (6.0% of total loans). **Figures 1 and 2** on pages 11 and 12 graphically display the number of loans and the total loan amounts by industry sector for PPP loans received by Montgomery County businesses.

The loans that supported the greatest number of jobs were in the Health Care and Social Assistance sector (51,910 jobs), the Professional, Scientific, and Technical Services sector (51,557 jobs), the Accommodations and Food Services sector (39,157 jobs), the Other Services (except Public Administration) sector (27,445 jobs) and the Construction sector (26,523 jobs). As noted in the previous section of this report, the PPP source data provides information on jobs associated with each loan. As some County businesses received two PPP loans, the job counts likely include some jobs that were supported twice by different PPP loans. **Figure 3** on page 13 displays the distribution of County jobs supported by PPP loans by sector.

On average, PPP loans received by Montgomery County businesses provided \$9,990 per job. The highest average loans per job occurred in the Professional, Scientific, and Technical Services sector (\$14,304 per job), the Finance and Insurance sector (banks, credit unions, mortgage brokers, securities brokers, insurance carriers, at \$13,490 per loan), the Information

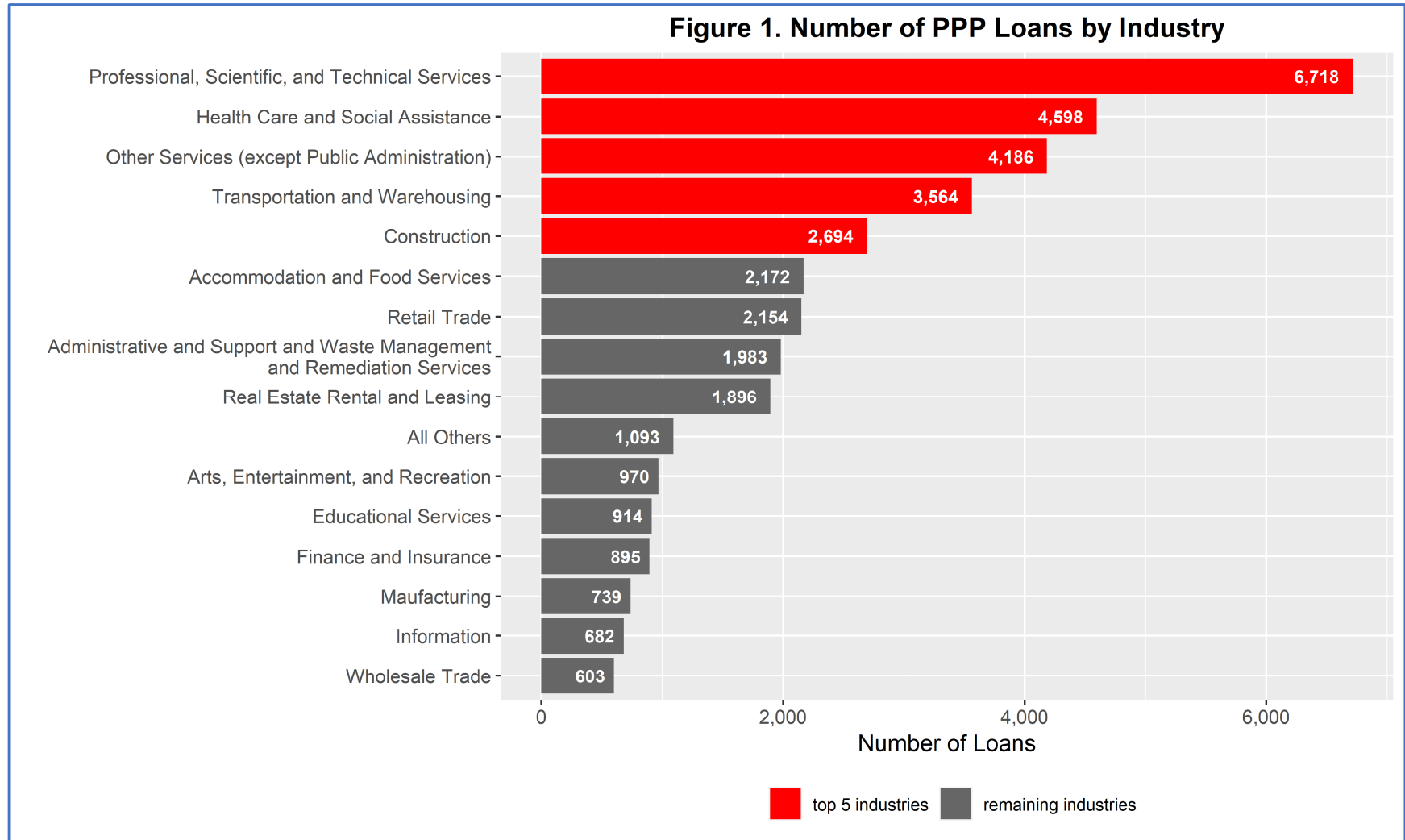
sector (newspaper publishers, software publishers, radio and television broadcasting, telecommunications, libraries at \$12,892 per job), the Real Estate Rental and Leasing sector (real estate leasing, property management, automotive leasing, consumer goods leasing, commercial and industrial equipment leasing at \$12,560 per job), and the Wholesale Trade sector (motor vehicle, furniture, commercial equipment, medical equipment, industrial machinery, and paper product wholesalers at \$12,522 per job).

The lowest PPP loan amount per job was for loans in the Arts, Entertainment, and Recreation sector (\$5,826 per job). **Figure 4** on page 14 displays the average PPP loan amount per County job by sector.

**Table 2
PPP Loan Recipients by Borrower Industry Type, Through June 1, 2021
Montgomery County**

NAICS #	Industry	Number of Loans*	Total Loan \$ (millions)	Number of Jobs	Average Loan Per Job
54	Professional, Scientific, and Technical Services	6,718	\$737.5	51,557	\$14,304
62	Health Care and Social Assistance	4,598	\$476.0	51,910	\$9,169
81	Other Services (except Public Administration)	4,186	\$237.1	27,445	\$8,637
48-49	Transportation and Warehousing	3,564	\$69.1	7,991	\$8,643
23	Construction	2,694	\$313.7	26,523	\$11,826
72	Accommodation and Food Services	2,172	\$257.4	39,157	\$6,575
44-45	Retail Trade	2,154	\$185.3	20,733	\$8,937
56	Administrative and Support and Waste Management and Remediation Services	1,983	\$213.3	24,422	\$8,734
53	Real Estate Rental and Leasing	1,896	\$151.9	12,094	\$12,560
71	Arts, Entertainment, and Recreation	970	\$44.9	7,704	\$5,826
61	Educational Services	914	\$110.2	13,476	\$8,175
52	Finance and Insurance	895	\$67.2	4,979	\$13,490
31-33	Manufacturing	739	\$92.1	8,987	\$10,248
51	Information	682	\$60.0	4,656	\$12,892
42	Wholesale Trade	603	\$59.6	4,758	\$12,522
--	All Others	1,093	\$53.3	6,758	\$7,886
Total - All Industries		35,861	\$3,128.4	313,150	\$9,990

* Note: some businesses received two PPP loans



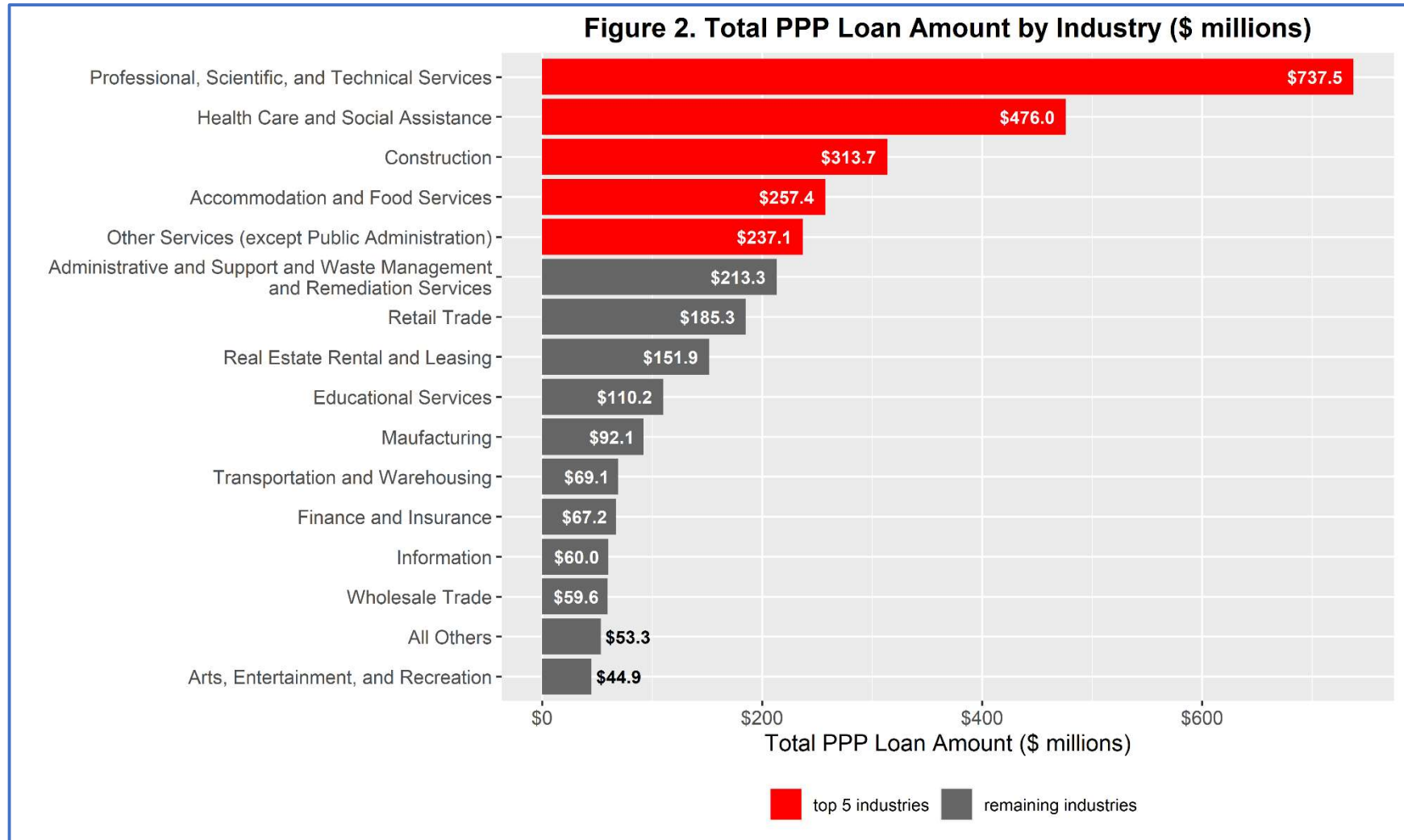
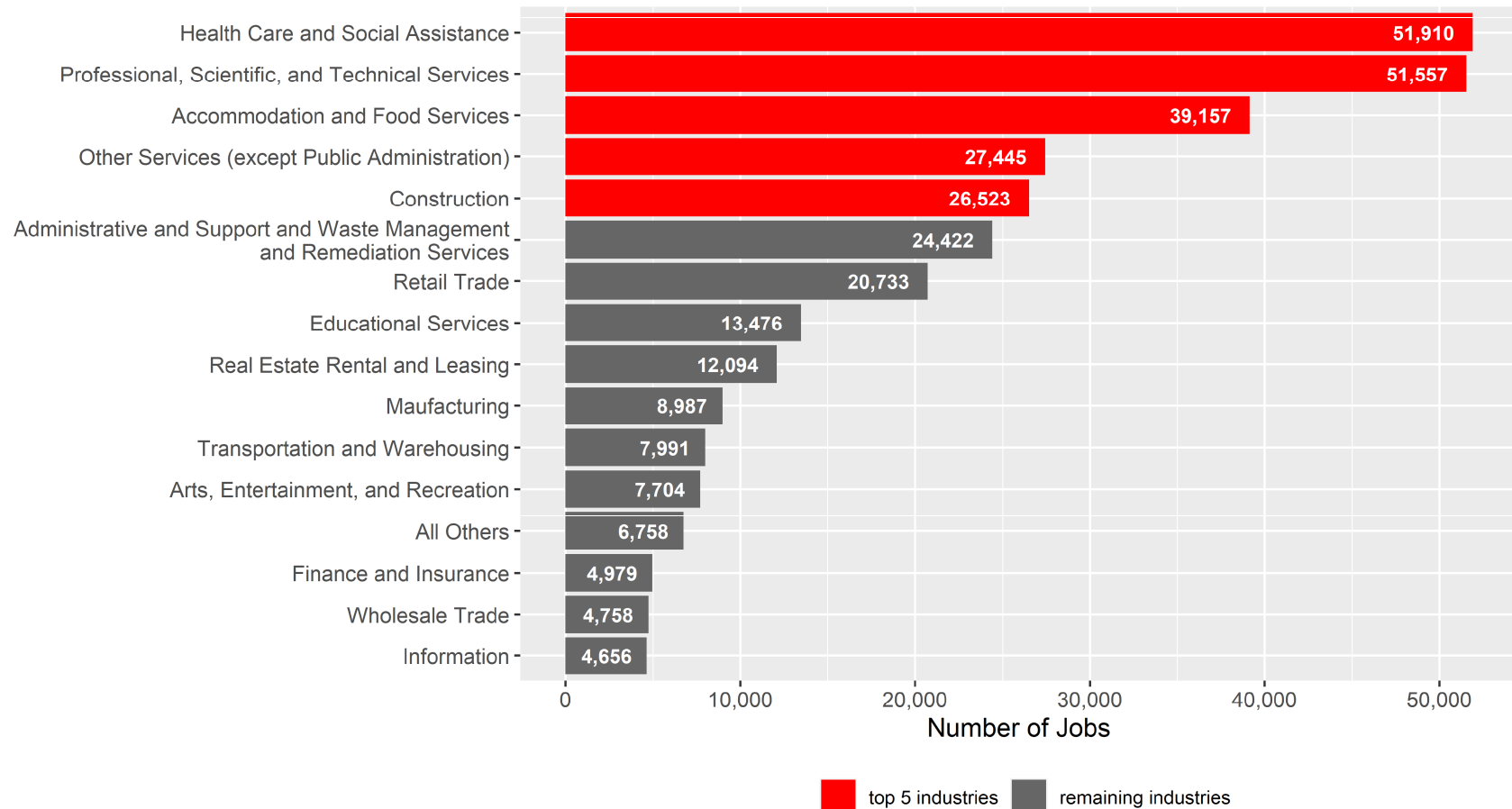
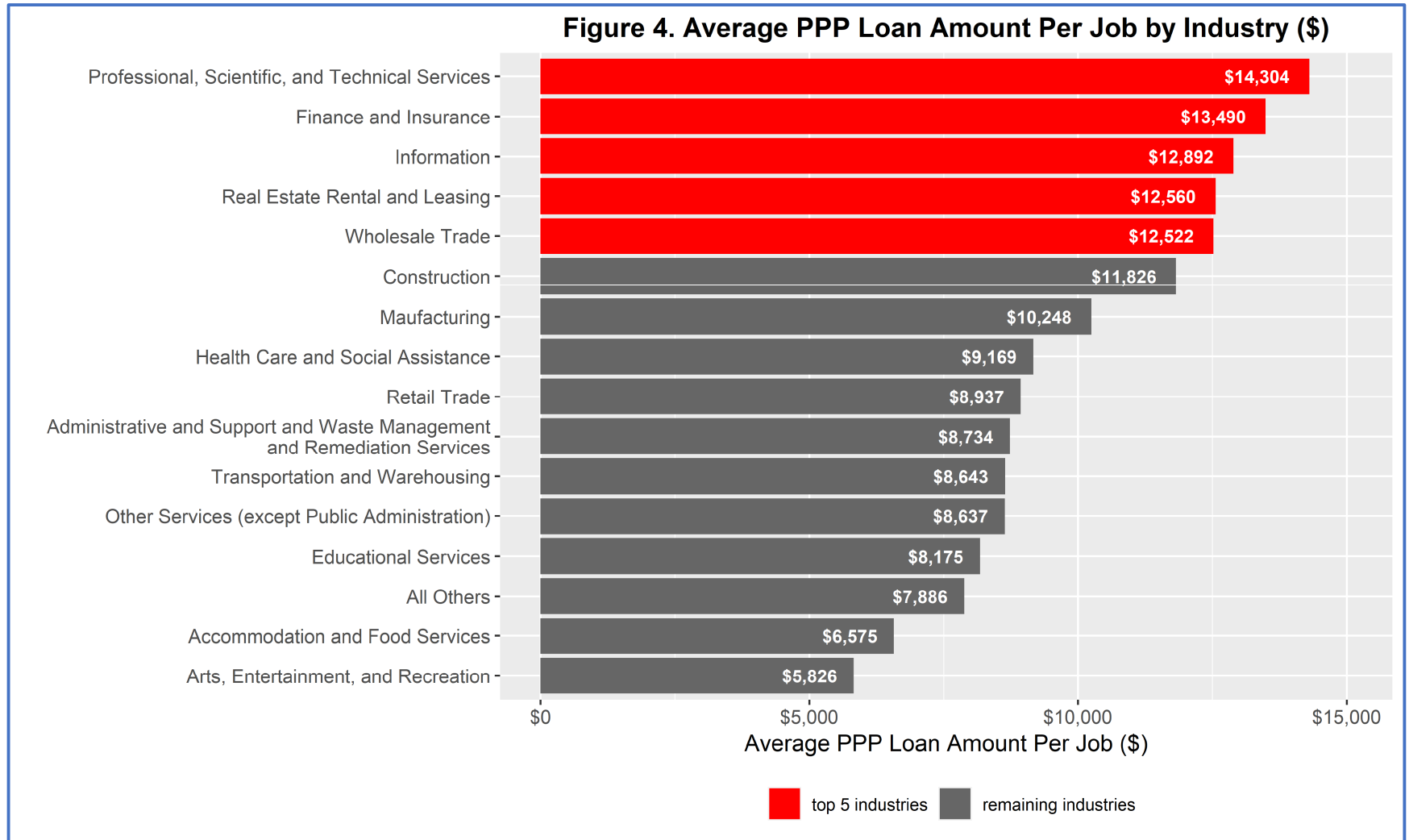


Figure 3. Number of Jobs Supported by PPP Loans by Industry



Note: The data in this figure are the sum of all jobs in Montgomery County supported by PPP loans. As some County businesses received two PPP loans, the data do not represent the number of distinct jobs supported by PPP loans.



PPP Loans by Recipient Zip Code: **Table 3** (pages 16 and 17) shows the distribution of PPP loans sorted by the zip code of the loan recipient. Businesses located in two Rockville zip codes, 20850 and 20852, received the greatest number of PPP loans: 3,070 and 2,663 loans, respectively (equaling a combined 16.0% of total loans). Businesses in three other County zip codes received more than 2,000 PPP loans: 20910 (Silver Spring) with 2,395 loans; 20814 (Bethesda) with 2,329 loans; and 20878 (Gaithersburg) with 2,067 loans. See **Figure 5** (pages 18-19) for a graphic presentation of the number of PPP loans per zip code; see **Figure 6** (pages 20-21) for a presentation of the total PPP loan amount for each County zip code.

The top four zip codes for the number of PPP loans were also the top four zip codes for the number of jobs supported by PPP loans. Loans for businesses located in Rockville zip code 20850 supported 39,940 jobs; loans for businesses in Rockville zip code 20852 supported 34,962 jobs; loans for businesses located in Bethesda zip code 20814 supported 26,769 jobs; and loans for businesses located in Silver Spring zip code 20910 supported 24,626 jobs. The zip code with the fifth greatest number of loan-supported jobs was 20879 in Gaithersburg with 16,734 jobs. **Figure 7** (pages 22-23) displays the number of jobs supported by PPP loans for each County zip code.

As mentioned above, nearly all (98%) of PPP loan proceeds were designated to support payroll costs. Not surprisingly, therefore, the zip codes with the highest average loan amount per job were located in portions of the County that are home to relatively high-wage jobs. Businesses in Bethesda zip code 20814 received the highest average loan amount per job at \$12,400. The zip code with the second highest loan amount per job was also in Bethesda, 20817 at \$11,884 per job. The third greatest loan per job was in Rockville zip code 20850 at \$11,757, followed by Chevy Chase zip code 20815 at \$11,691 per job, and Gaithersburg zip code 20879 at \$10,391 per job. Of all zip codes with at least 100 PPP loans, the lowest loan amount per job occurred for businesses in Damascus zip code 20872 at \$6,757. **Figure 8** (pages 24-25) displays the average loan amount per job for PPP loans in County zip codes.

**Table 3
PPP Loan Recipients by Borrower Zip Code, Through June 1, 2021
Montgomery County**

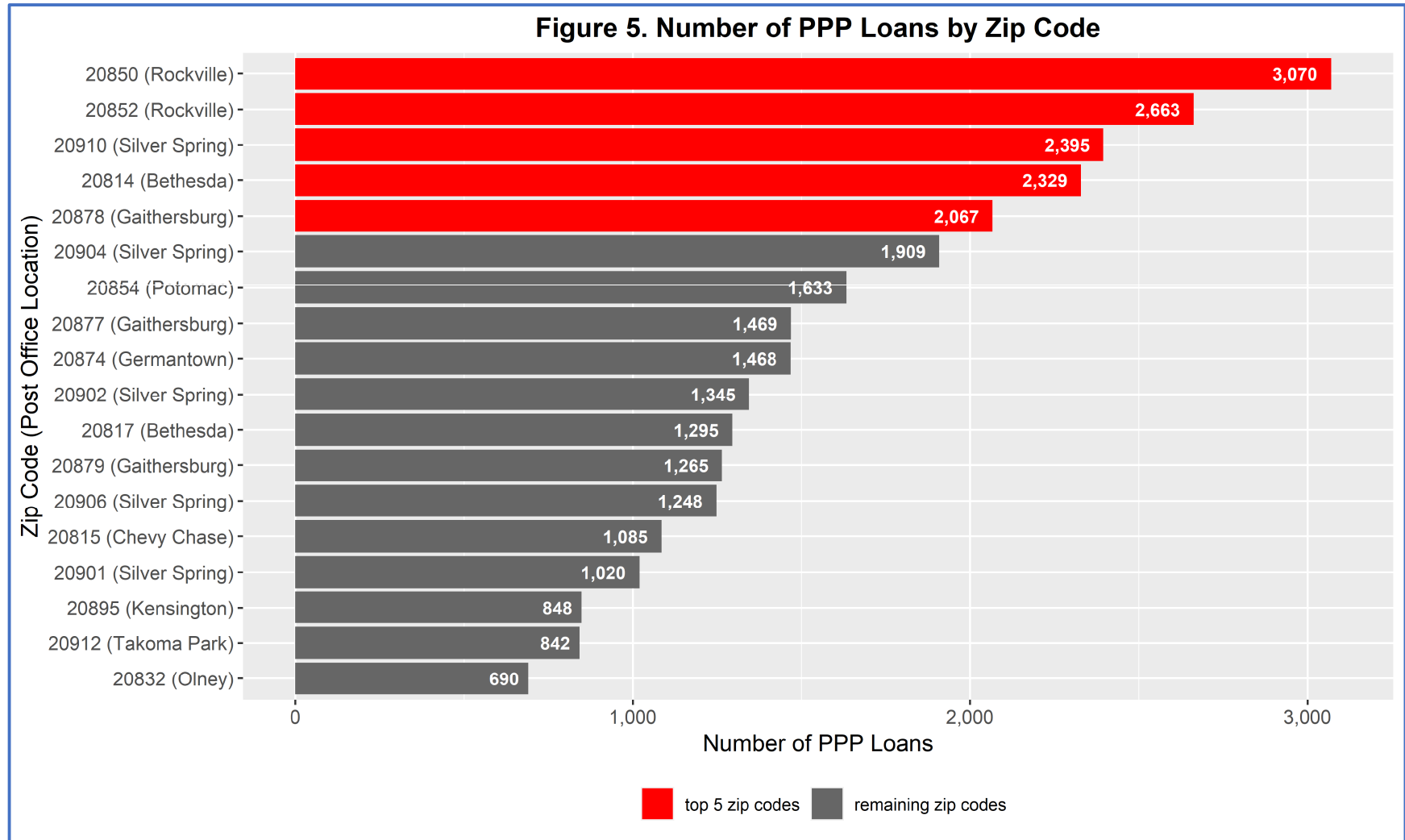
Zip Code	Post Office Location	Number of Loans*	Total Loan \$ (millions)	Number of Jobs	Average Loan Per Job
20850	Rockville	3,070	\$469.60	39,940	\$11,757
20852	Rockville	2,663	\$358.90	34,962	\$10,266
20910	Silver Spring	2,395	\$243.70	24,626	\$9,896
20814	Bethesda	2,329	\$331.90	26,769	\$12,400
20878	Gaithersburg	2,067	\$149.10	15,100	\$9,877
20904	Silver Spring	1,909	\$110.40	11,337	\$9,734
20854	Potomac	1,633	\$120.50	13,449	\$8,961
20877	Gaithersburg	1,469	\$119.40	13,735	\$8,693
20874	Germantown	1,468	\$70.50	8,240	\$8,556
20902	Silver Spring	1,345	\$64.80	8,402	\$7,707
20817	Bethesda	1,295	\$111.70	9,396	\$11,884
20879	Gaithersburg	1,265	\$173.90	16,734	\$10,391
20906	Silver Spring	1,248	\$46.10	6,449	\$7,152
20815	Chevy Chase	1,085	\$107.80	9,224	\$11,691
20901	Silver Spring	1,020	\$30.30	3,649	\$8,308
20895	Kensington	848	\$71.00	8,095	\$8,766
20912	Takoma Park	842	\$38.00	4,774	\$7,961
20832	Olney	690	\$47.70	5,211	\$9,157

* Note: some businesses received two PPP loans

**Table 3 (continued)
PPP Loan Recipients by Borrower Zip Code, Through June 1, 2021
Montgomery County**

20876	Germantown	626	\$41.60	4,724	\$8,800
20871	Clarksburg	625	\$35.70	3,603	\$9,916
20855	Derwood	604	\$69.90	7,035	\$9,940
20886	Montgomery Village	600	\$23.30	2,887	\$8,072
20866	Burtonsville	568	\$32.40	3,388	\$9,569
20853	Rockville	565	\$20.30	2,799	\$7,252
20816	Bethesda	520	\$49.00	4,944	\$9,906
20903	Silver Spring	474	\$27.80	3,054	\$9,107
20905	Silver Spring	466	\$19.60	2,723	\$7,189
20882	Gaithersburg	463	\$25.90	3,525	\$7,341
20872	Damascus	317	\$12.50	1,855	\$6,757
20841	Boysd	259	\$11.50	1,336	\$8,610
20851	Rockville	245	\$11.10	1,361	\$8,133
20833	Brookeville	180	\$12.90	1,833	\$7,059
20837	Poolesville	158	\$14.10	1,727	\$8,161
20861	Ashton	116	\$10.20	1,110	\$9,150
--	All Others	434	\$45.30	5,154	\$8,783
Total - All Zip Codes		35,861	\$3,128.4	313,150	\$9,990

* Note: some businesses received two PPP loans



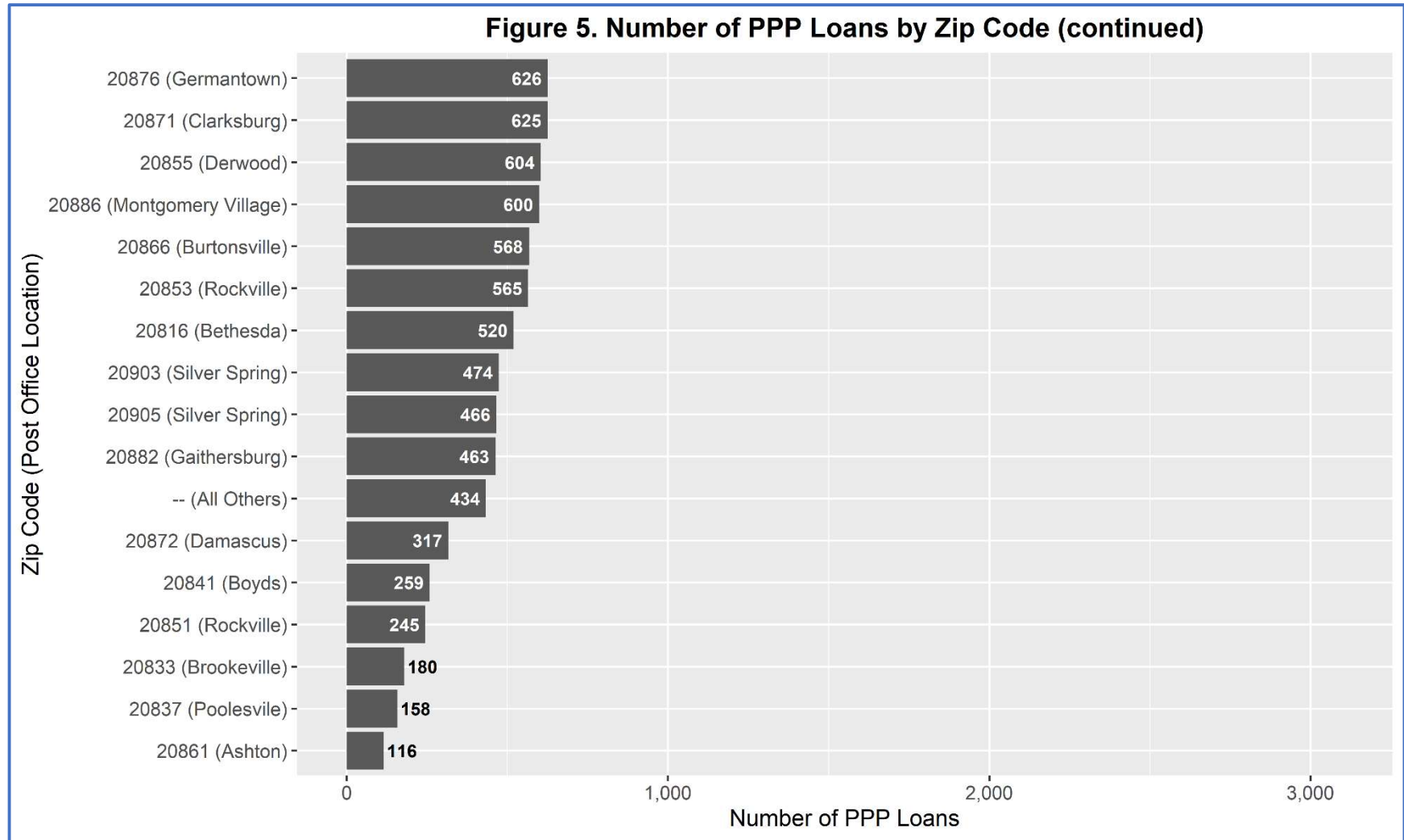


Figure 6. Total PPP Loan Amount by Zip Code (\$ millions)

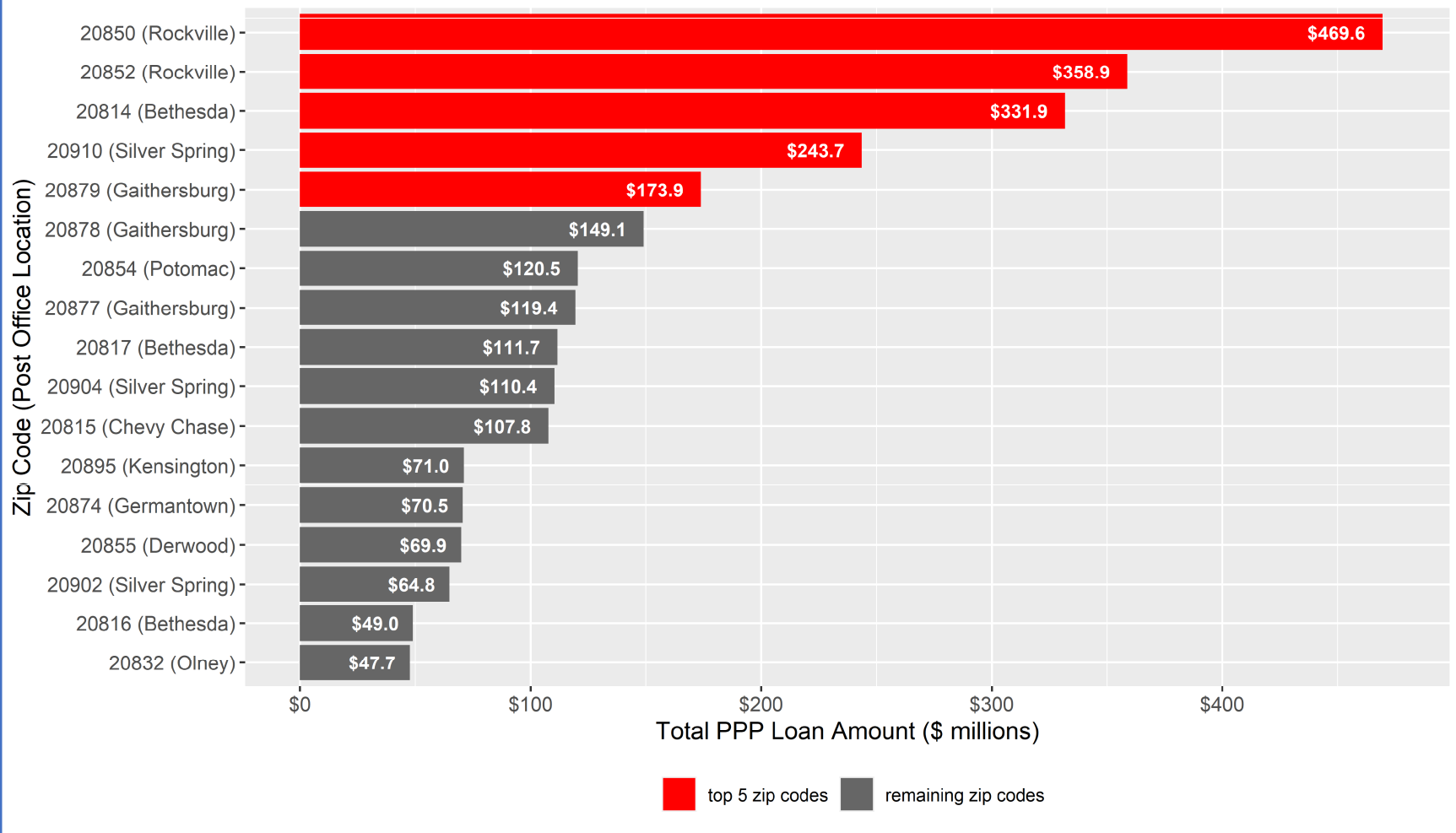


Figure 6. Total PPP Loan Amount by Zip Code (\$ millions) (continued)

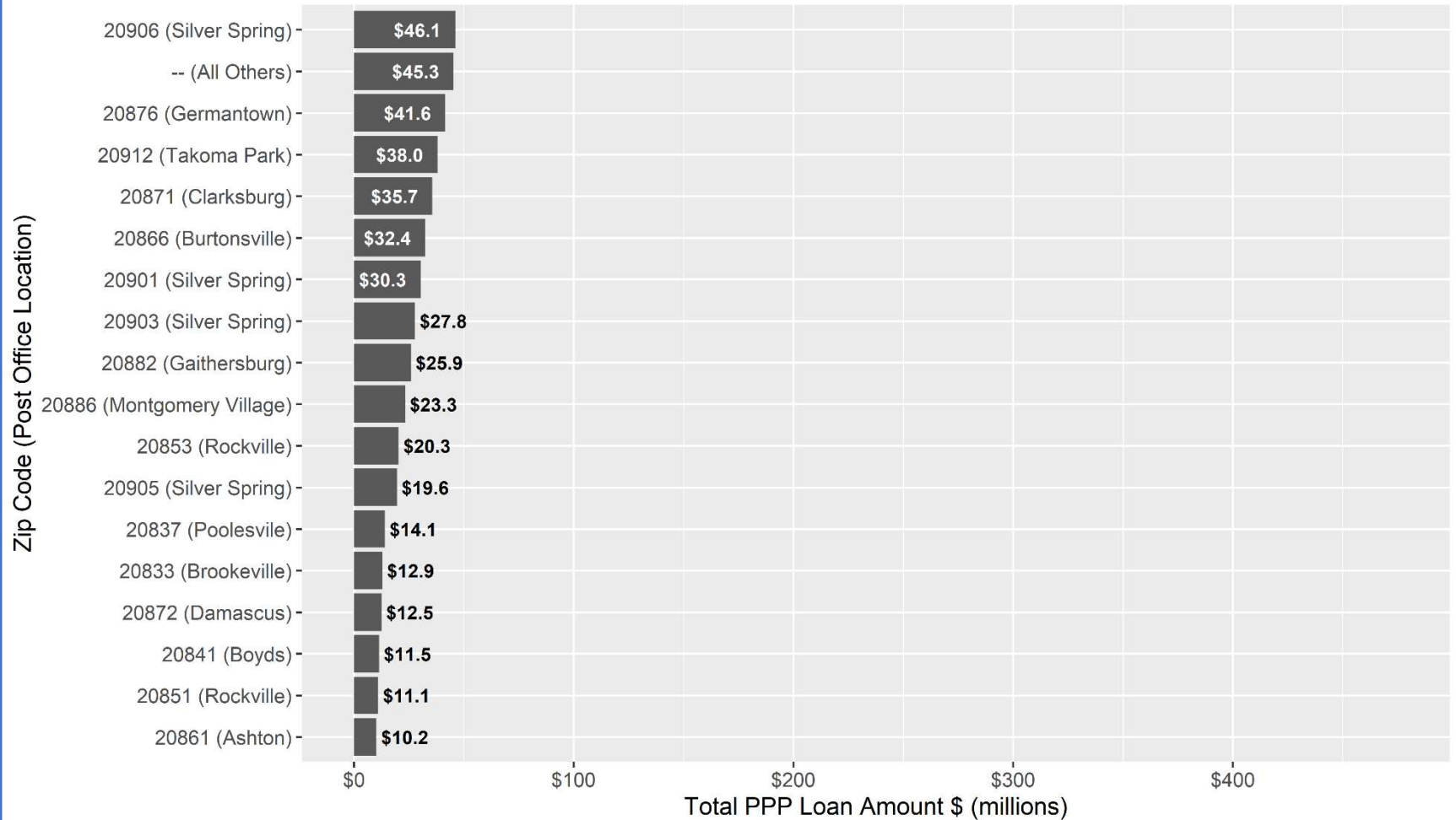
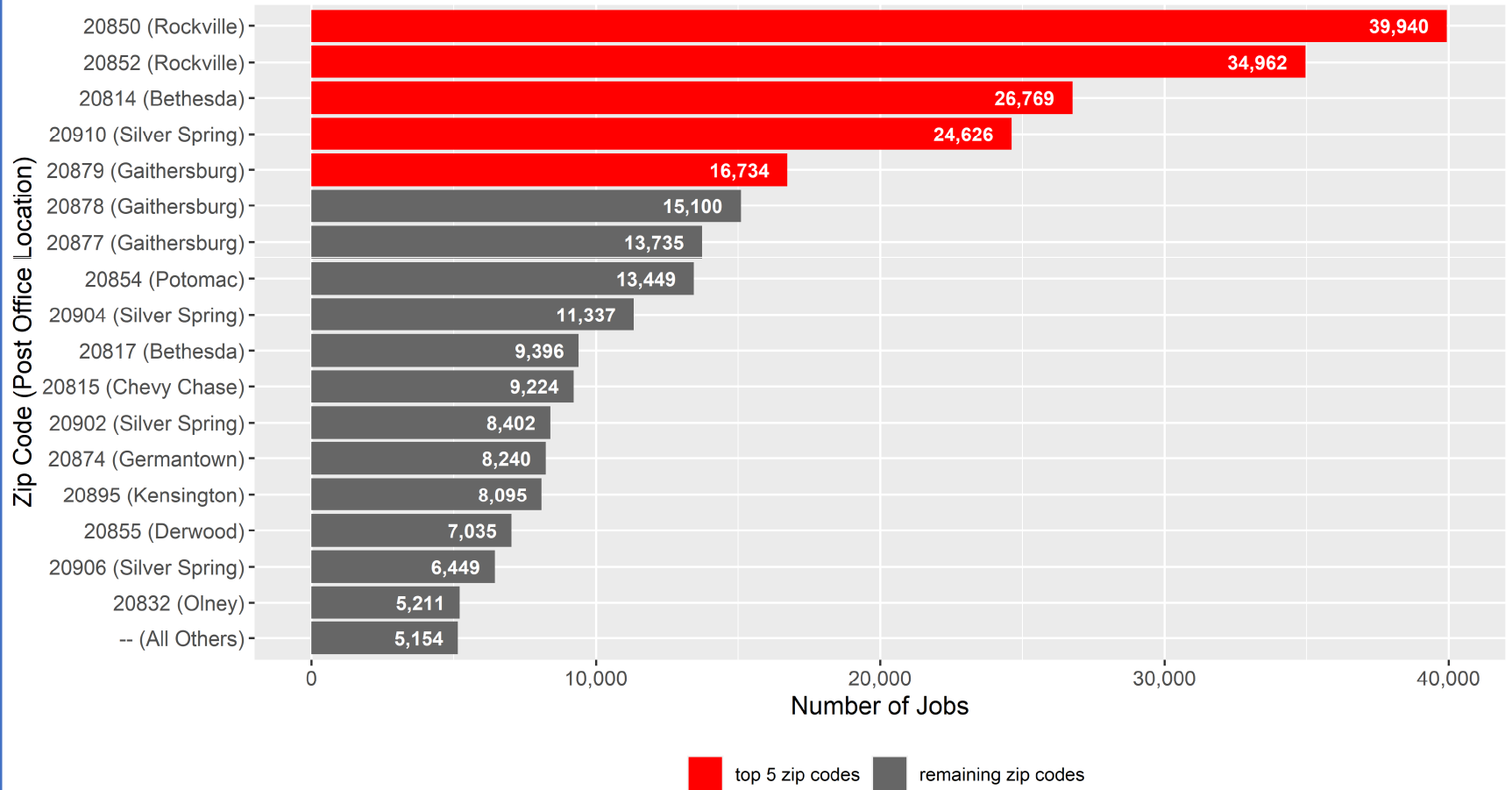
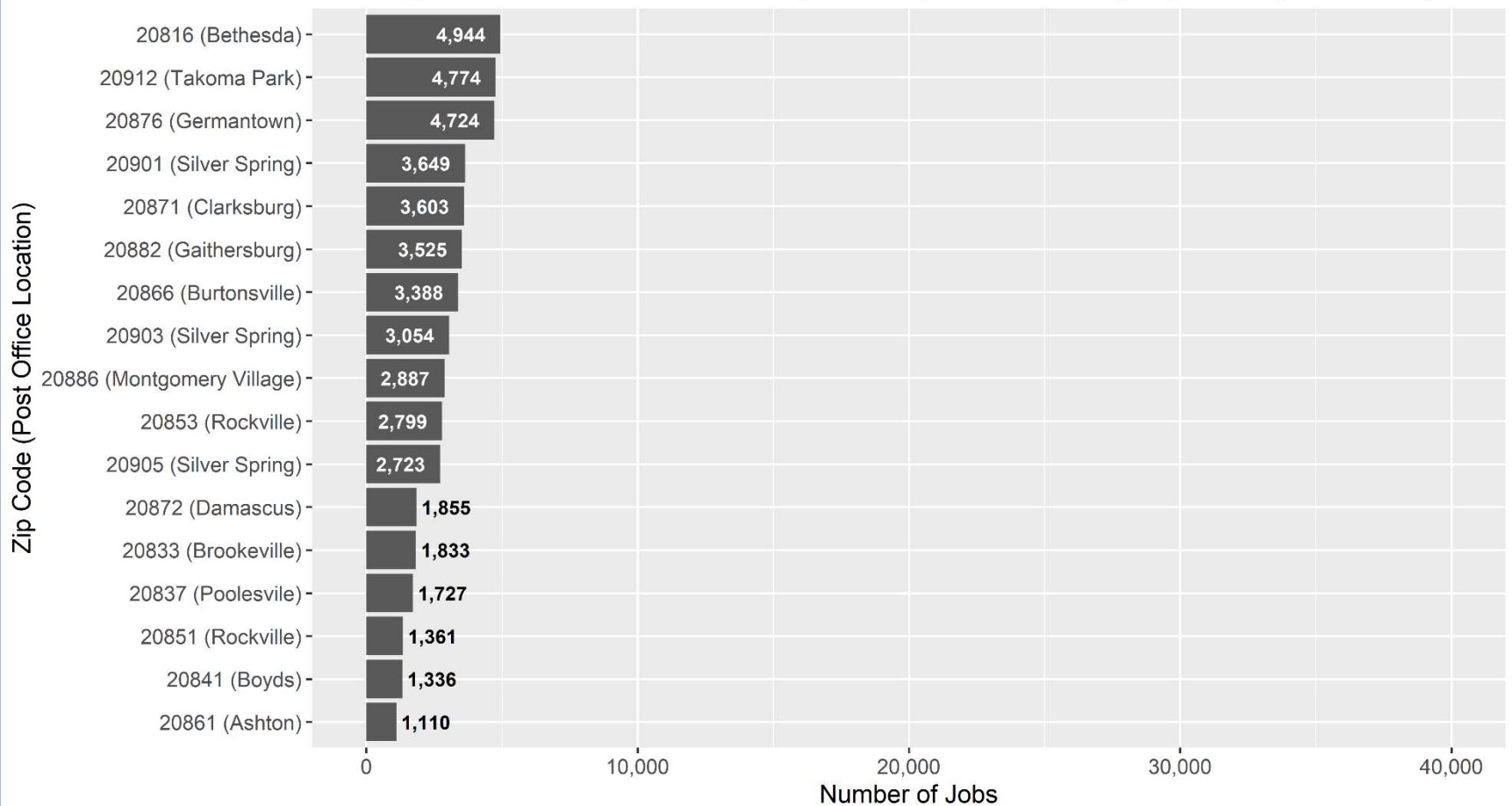


Figure 7. Number of Jobs Supported by PPP Loans by Zip Code



Note: The data in this figure are the sum of all jobs in Montgomery County supported by PPP loans. As some County businesses received two PPP loans, the data do not represent the number of distinct jobs supported by PPP loans.

Figure 7. Number of Jobs Supported by PPP Loans by Zip Code (continued)



Note: The data in this figure are the sum of all jobs in Montgomery County supported by PPP loans. As some County businesses received two PPP loans, the data do not represent the number of distinct jobs supported by PPP loans.

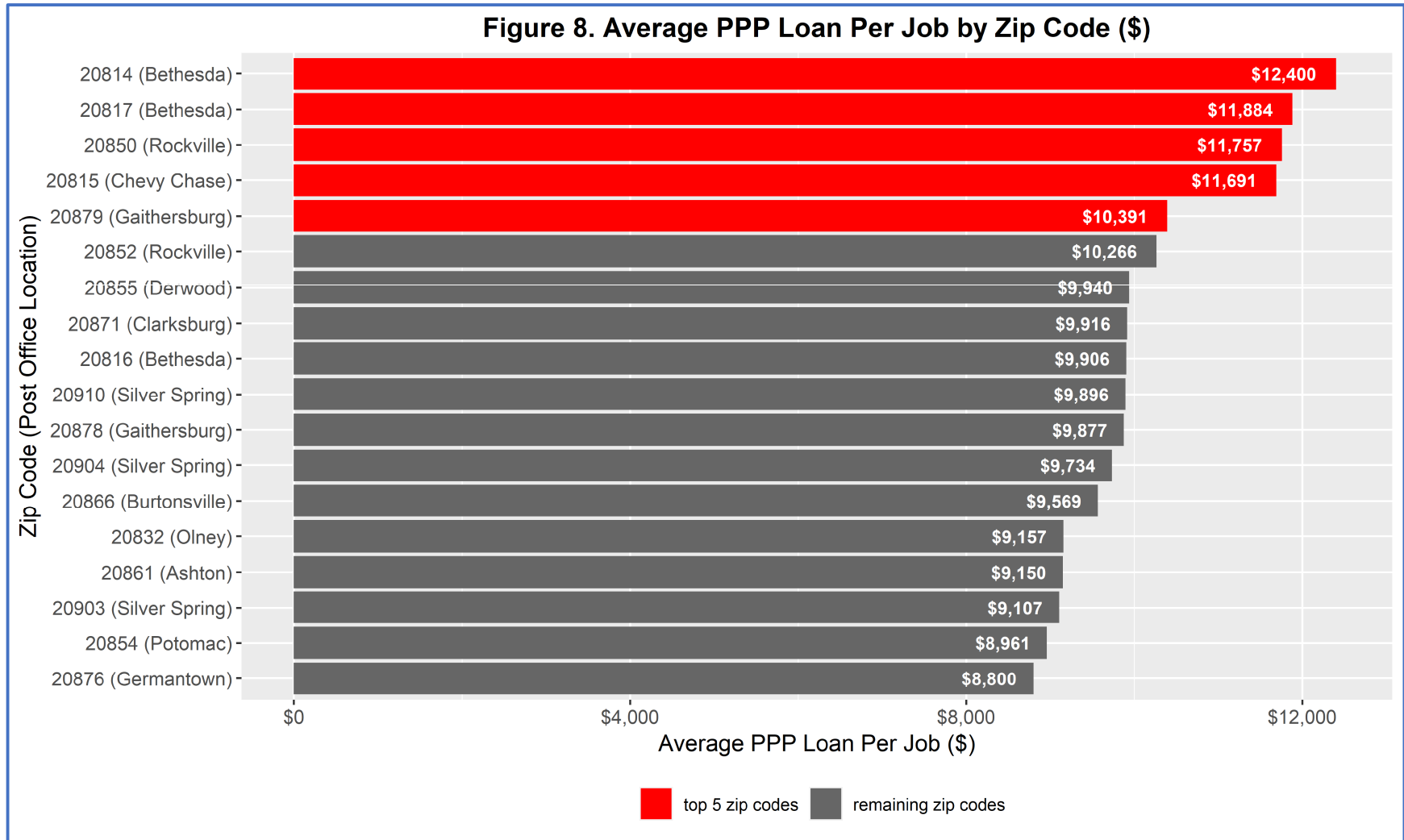
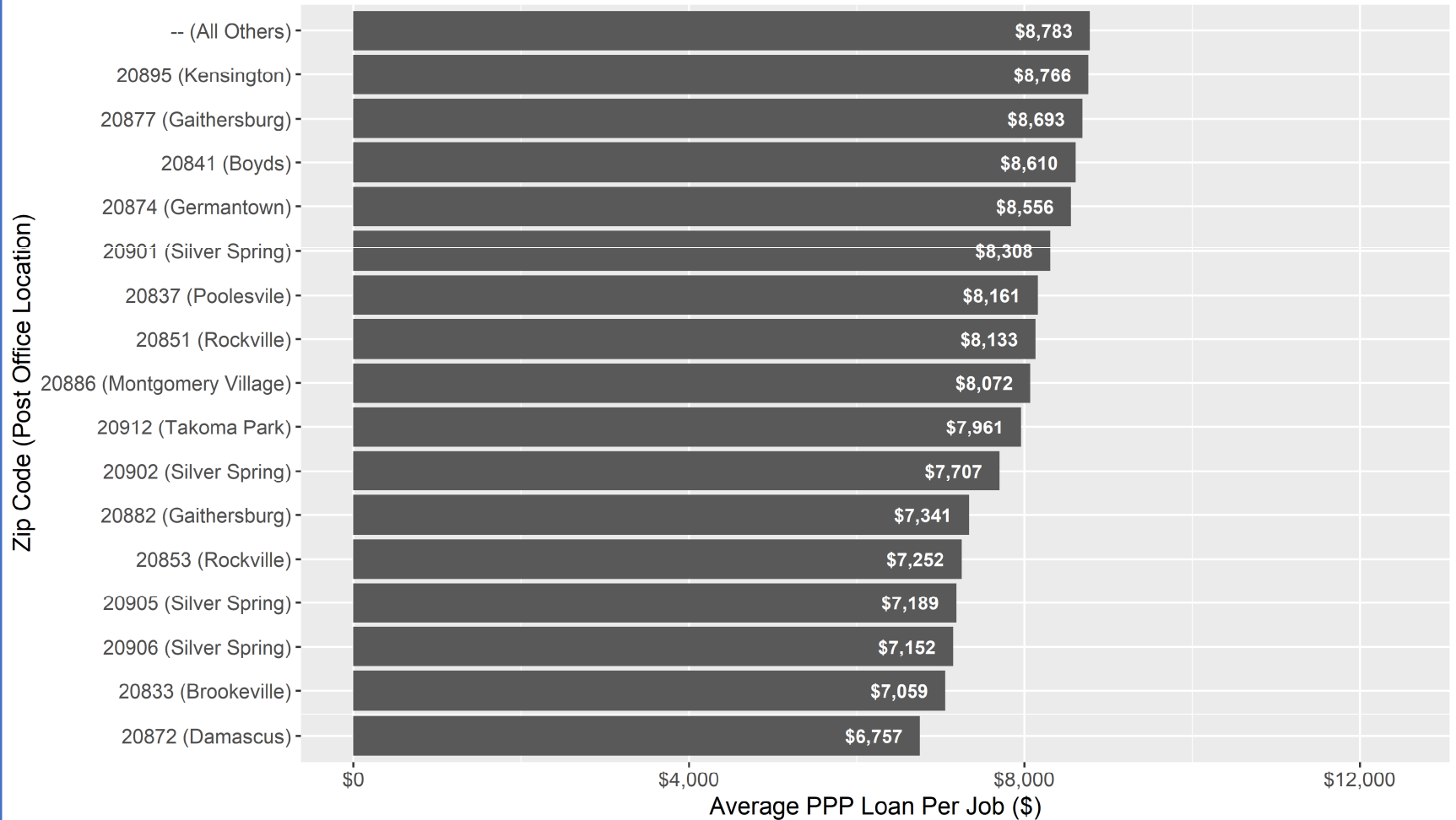


Figure 8. Average PPP Loan Per Job by Zip Code (\$) (continued)



SECTION 5: OLO OBSERVATIONS ABOUT PPP LOANS RECEIVED BY COUNTY BUSINESSES

The portion of the CARES Act that created the Paycheck Protection Program is titled the “Keeping American Workers Paid and Employed Act.” This title testifies to the intent of the legislation, to maintain pay and preserve employment for workers during the pandemic. The data clearly indicate that the PPP went a long way to fulfilling its objective. The program supported hundreds of thousands of jobs in tens of thousands of businesses in Montgomery County while infusing more than \$3 billion into the local economy.

The PPP was designed to direct money to particularly protect the pay of employees of small businesses. The PPP experience in Montgomery County confirms that this objective was achieved. Greater than half of all PPP loans received by County employers went to businesses with two or fewer employees.

Originally developed and implemented during the chaotic first few weeks of the pandemic, the PPP was fashioned to protect existing employees in existing businesses against economic collapse as the nation entered lockdown. To achieve this end, the program channeled resources toward sustaining business payrolls that were in place immediately prior to the pandemic. Businesses received PPP loans in amounts that were determined primarily by two factors, the number of employees and the current wages of those employees. Within certain limits, the PPP supplied funding to maintain the income of high-wage employees in the same manner that it funded pay for low-wage employees. Therefore, businesses that employ workers in high-wage jobs received substantially more money per job than businesses that employ primarily low-wage workers.

Data from Montgomery County substantiate that high-wage businesses received more PPP support per employee than low-wage businesses. Businesses such as law, accounting and architectural firms in the Professional, Scientific, and Technical Services industry received, on average, more than \$14,300 per employee. This amount is more than double the average per employee loan amount of approximately \$6,600 received by businesses in the accommodations and food service sector.

As have been well documented, the pandemic has taken disparate health and economic effect on different demographic groups.¹¹ Persons of color as well as low-income workers were particularly hard hit by health and economic hardships caused by the pandemic. While the PPP helped to maintain the existing pay of employees in all job classes, the program was not designed to address preexisting economic disparities or the inequitable impacts of the pandemic on different demographic groups within the population. Because information about the loan recipient demographics was absent from most PPP applications, insufficient data exists to assess the distribution of assistance by race, ethnicity, gender, and veteran status.

¹¹ See for example, Centers for Disease Control and Prevention, *COVID-19 Racial and Ethnic Health Disparities*, <https://www.cdc.gov/coronavirus/2019-ncov/community/health-equity/racial-ethnic-disparities/disparities-deaths.html> and Brookings Institution, *Class and COVID: How the Less Affluent Face Double Risks*, <https://www.brookings.edu/blog/up-front/2020/03/27/class-and-covid-how-the-less-affluent-face-double-risks/>.

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